YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

Port Huron, Michigan

CONSOLIDATED FINANCIAL STATEMENTS
with Supplementary Information

FOR THE YEAR ENDED
DECEMBER 31, 2020

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

TABLE OF CONTENTS

	Page Number
Independent Auditor's Report	1
Basic Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplementary Information:	
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20
Transportation Contract -	
Transportation Operating Expenses	21
Mileage Data (Unaudited)	22

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association
of the Blue Water Area
Port Huron, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Young Men's Christian Association of the Blue Water Area (the "Association") (a nonprofit corporation) and its supporting organization which comprise the consolidated statement of financial position as of December 31, 2020, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of the Blue Water Area and its supporting organization as of December 31, 2020 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements and schedule of transportation expenses, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

UHY LLP

Port Huron, Michigan
July 7, 2021

BASIC FINANCIAL STATEMENTS

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

Assets:		
Cash and cash equivalents	$	122,965
Receivables (net of allowance) -		
Employee Retention Credit		240,653
Memberships		16,942
Other		16,356
Inventory		2,259
Prepaid expenses		25,635
Unconditional promises to give		6,238
Cash surrender value of life insurance		188,160
Beneficial interest in assets held by others		353,863
Land, buildings, and equipment, net		3,376,124
Total Assets	$	4,349,195
Liabilities:		
Accounts payable	$	53,803
Accrued salaries and fringes		17,477
Unearned revenue		108,264
Accrued interest		13,232
PPP Loan		418,000
Notes payable		1,127,540
Accrued vacation and sick		45,989
Total Liabilities		1,784,305
Net Assets:		
With Donor Restrictions		353,863
Without Donor Restrictions		2,211,027
Total Net Assets		2,564,890
Total Liabilities and Net Assets	$	4,349,195

The accompanying notes are an integral part of these financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Net Assets Without Donor Restrictions:	
Revenues and Other Support:	
Contributions	$ 602,177
Membership and guest fees	650,013
Childcare fees	474,457
Other program service fees	73,740
Grants and fees from local agencies	197,933
Merchandise sales	2,724
Rental income	9,152
Other	26,017
Net investment income	44,923
Total Revenues and Other Support	2,081,136
Expenses:	
Program services -	
Youth Development	801,688
Healthy Living	930,579
Social Responsibility	10,111
Supporting services -	
Management and general	451,981
Fundraising	58,844
Total Expenses	2,253,203
Change in Net Assets	(172,067)
Net Assets Without Donor Restrictions at beginning of year	2,383,094
Net Assets Without Donor Restrictions at end of year	2,211,027
Net Assets With Donor Restrictions:	
Change in value of beneficial interest in assets held by others	23,234
Net Assets With Donor Restrictions at beginning of year	330,629
Net Assets With Donor Restrictions at end of year	353,863
Total Net Assets at the End of the Year	$ 2,564,890

The accompanying notes are an integral part of these financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			
	Youth Development	Healthy Living	Social Responsibility	Total
Salaries	$ 507,973	$ 401,159	$ 3,926	$ 913,058
Payroll taxes & benefits	114,593	99,569	841	215,003
	622,566	500,728	4,767	1,128,061
Less: Amounts claimed for employee retention credit	(118,303)	(86,532)	(525)	(205,360)
	504,263	414,196	4,242	922,701
Supplies	23,083	40,070	4,875	68,028
Postage	-	-	-	-
Professional fees	-	-	-	-
Contracted services	81,547	161,068	994	243,609
IT Services	-	-	-	-
Laundry services	1,980	3,703	-	5,683
Utilities	68,266	139,994	-	208,260
Insurance	15,679	30,152	-	45,831
Rent	5,159	9,920	-	15,079
Equipment rent	-	125	-	125
Equipment maintenance	-	3,114	-	3,114
Building maintenance	16,150	588	-	16,738
Printing and publications	-	-	-	-
Advertising	-	-	-	-
Travel/mileage reimbursement	7,682	148	-	7,830
Conferences and training	-	-	-	-
Interest and fees	20,508	39,438	-	59,946
Non-Capitalized equipment	644	5,023	-	5,667
National Dues	-	-	-	-
Miscellaneous	200	975	-	1,175
Depreciation	56,527	82,065	-	138,592
	297,425	516,383	5,869	819,677
Total Expenses	$ 801,688	$ 930,579	$ 10,111	$ 1,742,378

The accompanying notes are an integral part of these financial statements.

Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total Program and Supporting Services
$ 133,407	$ 50,998	$ 184,405	$ 1,097,463
47,474	12,098	59,572	274,575
180,881	63,096	243,977	1,372,038
(28,368)	(6,925)	(35,293)	(240,653)
152,513	56,171	208,684	1,131,385
23,737	564	24,301	92,329
1,418	110	1,528	1,528
21,800	-	21,800	21,800
101,313	1,800	103,113	346,722
19,258	-	19,258	19,258
-	-	-	5,683
3,265	-	3,265	211,525
3,627	-	3,627	49,458
247	-	247	15,326
1,550	-	1,550	1,675
9,271	-	9,271	12,385
-	-	-	16,738
182	-	182	182
42,739	-	42,739	42,739
7,508	-	7,508	15,338
526	-	526	526
35,177	-	35,177	95,123
31	-	31	5,698
24,108	-	24,108	24,108
1,670	199	1,869	3,044
2,041	-	2,041	140,633
299,468	2,673	302,141	1,121,818
$ 451,981	$ 58,844	$ 510,825	$ 2,253,203

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020

Cash Flows From Operating Activities:	
Change in net assets	$(148,833)
Adjustments to reconcile change in net assets to net cash used in operating activities -	
Depreciation	140,633
Increase in cash surrender value of life insurance	(34,694)
Increase of value on beneficial interest in assets held by others	(23,234)
Increase in allowance for doubtful accounts	200
Changes in assets and liabilities -	
Accounts receivable	(237,520)
Inventory	(269)
Prepaid expenses	8,546
Unconditional promises to give	(738)
Accounts payable	183
Accrued salaries and fringes	(99,047)
Accrued interest payable	(381)
Unearned revenue	(21,570)
Net Cash Used in Operating Activities	(416,724)
Cash Flows From Investing Activities:	
Energy efficiency construction proceeds	158,376
Acquisition of capital assets	(143,904)
Net Cash Provided by Investing Activities	14,472
Cash Flows From Financing Activities:	
PPP loan	418,000
Principal payments on notes/loans	(41,636)
Net Cash Provided by Financing Activities	376,364
Net Decrease in Cash and Cash Equivalents	(25,888)
Cash and Cash Equivalents at beginning of year	148,853
Cash and Cash Equivalents at end of year	$ 122,965
Supplementary Information for Statement of Cash Flows:	
Interest paid	$ 60,928

The accompanying notes are an integral part of these financial statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Association -

The Young Men's Christian Association of the Blue Water Area's (the "Association") mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all. The Association is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen (Youth Development), improving the Blue Water Area's health and well-being (Healthy Living), and providing opportunities to give back and support neighbors (Social Responsibility), the Association enables youth, adults, families, and communities to be healthy, confident, connected, and secure.

The Blue Water YMCA Foundation (the "Foundation") was organized in 2014 as a nonprofit organization under 501(c)(3) to serve as a supporting organization to the Association. The Board of Directors of the Foundation must consist of no less than three trustees, and at all times a majority of the trustees must be appointed by the governing Board of the Association.

The consolidated financial statements report all activities of the Association and the Foundation, where any inter-company transactions are eliminated.

The Association operates the following major programs:

Youth Development - The Association is committed to nurturing the potential of every child and teen. The Association believes that all children deserve the opportunity to discover who they are and what they can achieve. That is why the Association helps young people cultivate the values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. The Association's programs, such as Warm World Child Care, Prime Time Afterschool CATCH Kids Clubs, camps, and youth sports and swim lessons, offer a range of experiences that enrich cognitive, social, physical, and emotional growth.

Healthy Living - The Association is a leading voice on health and well-being. The Association brings families closer together, encourages good health, and fosters connections through fitness, sports, fun, and shared interests. As a result, people in the community are receiving the support, guidance, and resources they need to achieve greater health in spirit, mind, and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with a work/life balance, and individuals search for personal fulfillment. Examples of healthy living programs include group exercise classes for all ages and abilities, diabetes prevention and other chronic disease prevention programs, sports and recreation, personal training, walking and running groups, and support for cancer patients.

Social Responsibility - The Association believes in giving back and supporting its neighbors. The Association has been listening and responding to its community's most critical social needs. The Association's programs, such as Healthy Kids Day, free activities that bring families together, free Safety Around Water classes for drowning prevention, Walk for Summer Reading, and Fun Fitness, are examples of how the Association delivers training, resources, and support that empower its neighbors to effect change, bridge gaps, and overcome obstacles. The Association engages its members, participants, and volunteers in activities that strengthen its community and pave the way for future generations to thrive.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

As part of the Association's mission, their programs are accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. The Association provides financial assistance to people who otherwise may not have been able to afford to participate.

Summary of Significant Accounting Policies -

The Association's accounting policies are in accordance with accounting principles generally accepted in the United States of America. The following is a summary of policies which are considered significant to the Association.

BASIS OF ACCOUNTING - The financial statements of the Association are reported on the accrual basis of accounting.

BASIS OF PRESENTATION - The financial statements presentation follows the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Association. These net assets may be used at the discretion of management.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donors. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

CASH AND CASH EQUIVALENTS - Cash equivalents represent highly liquid investments with a maturity of three months or less from the date of purchase.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS - Accounts receivable from program service fees are stated at the amount the Association expects to collect from outstanding balances. The Association provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and historical experience. Balances that are still outstanding after the Association has used reasonable collection efforts are written off. The allowance for doubtful accounts was $1,800 as of December 31, 2020.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

INVENTORY - Inventory consists of supplies which are stated at the lower of cost or market using the first-in, first-out (FIFO) method.

PREPAID EXPENSES - Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items.

LAND, BUILDING, AND EQUIPMENT - Property and equipment are carried at cost at the date of purchase or fair value at date of donation. Property and equipment are defined by the Association as assets with an individual cost greater than $2,500 and an estimated life greater than one year. Major additions are charged to the property accounts while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When property is retired or disposed of, the recorded value is removed from the accounts. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated life of the asset.

The estimated useful lives of the assets are as follows:

Building and building improvements	5 - 40 years
Furniture, equipment, and vehicles	3 - 10 years

LIFE INSURANCE CASH SURRENDER VALUE - The Association is the owner and beneficiary of two separate life insurance policies with an aggregate face value of $500,000. The annual premiums are paid with contributions received from the individuals insured by the policies or by the policies' equity. The cash surrender value of these policies was recorded as revenue and an asset when donated. Annual increases or decreases in the cash surrender value of the policies are recorded as revenue (or reduction of revenue) in the year incurred.

PUBLIC SUPPORT

Contributions - The Association receives contributions to support operating activities and capital projects. These contributions can be from individuals, corporations, or trusts. The Association records contributions receivable, net of allowance for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional gifts with a measurable performance or other barrier and right to return are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Multi-year pledges that are expected to be collected after one year are discounted using a risk adjusted discount rate.

During the coronavirus (COVID-19) pandemic, while the Association was closed, a number of members continued to pay their monthly memberships. These membership dues of $241,571 have been reclassified as contributions since no services were being provided during this period.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Governmental/Nonprofit Grants - The Association receives grants and contract funding from governmental (Federal and State agencies) and nonprofit organizations to provide a variety of program services to the public based on specific requirements, including eligibility, procurement, reimbursement, and other requirements. Such grants and contracts are nonreciprocal transactions and include conditions stipulated by the grantor agencies and are, therefore, accounted for as conditional contributions. Receivables are recognized for any unreimbursed grant expenses and deferred revenues for any advances received before conditions have been met.

REVENUE RECOGNITION - The Association has multiple revenue streams that are accounted for as reciprocal exchange transactions, including membership, program fees, licensed childcare fees, and government grants. Because the Association's performance obligations relate to contracts with a duration of less than one year, the Association has elected to apply the optional exemption provided in FASB 606-10-50-14(a), *Revenue from Contracts with Customers*, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contact or no significant financing components. The following are the Association's major revenues streams:

Membership Dues - Most membership dues are typically paid on a monthly basis; however, some memberships are paid on a quarterly or annual basis. Once a year on April 1, a capital improvement fee is charged to each member. If someone joins later in the year, the capital improvement fee is prorated. Monthly memberships are recognized on the 1st of the month for that month, and all longer-term memberships are prorated using the straight-line method over the period of the membership. The capital improvement fee is recognized at the time of payment. Memberships can be cancelled by providing notices by the 25th of the month for the subsequent month.

Program Fees - The Association offers a variety of programs, including day camps, fitness programs, aquatics, health and wellness, etc., some of which are provided to members free of charge and other programs in addition to the membership dues. Many of the programs are available to the public without memberships. Most program fees are for programs of less than two months and are typically paid in advance at the time of registrations. Cancellation provisions vary by program, but most transactions are cancellable with 15-30 days' notice. Generally, all fees are recognized in the first day of the program.

Licensed Child Care Fees - Licensed Child Care services are available to both members and nonmembers. Childcare services, including preschool, are registered for the school years. Payments are made in advance, at a minimum, on a weekly basis. Revenues are recognized for each week on Monday of that week. Refunds are available for fees paid more than a week in advance under certain conditions.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Governmental Contract Revenues - The Association periodically contracts with local governmental units to provide various program services to the unit's employees and/or clients. Such contracts are recorded as performance obligations are satisfied, which is generally when the related expenditures are incurred over the period services are provided.

All membership dues, program fees, child care fees, and governmental contract revenues paid to the Association in advance represent contract liabilities and are recorded as unearned revenue. Amounts billed but unpaid are contract assets and recorded as account receivables.

INCOME TAXES - The Association is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is tax-exempt under Section 501(c)(3) and is a Type 1 supporting organization under Section 509(a)(3). Accordingly, no provision for income taxes is required.

NATIONAL SUPPORT - The Association is a member of the National Council of Young Men's Christian Association and as a member is required to contribute 2% of adjusted total income to the National Council.

FUNCTIONAL EXPENSES - The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs that are directly identifiable with a program or support service are charged directly to the program or support service benefiting, including most salaries and benefits. Other costs have been allocated to the various programs and support services based on the estimated benefit received. The following are the allocation methods utilized:

Salaries and benefits - most hourly employees are allocated based on time and effort reports prepared by the employee. Salaried individuals that only work in one department/program are charged directly; any other salaried individual that serves more than one program is allocated based on estimated time spent in each program.

Laundry services and towels - based on program income.

Housekeeping and building facilities - include utilities, insurance, etc., and are allocated based on square footage.

Interest costs - interest on equipment is recorded in the department/program where the equipment is utilized. Interest on the building is allocated based on square feet.

ADVERTISING - The Association's policy is to expense advertising costs for the promotion of programs as the costs are incurred. Advertising expenses were $42,739 for 2020, of which $21,998 was barter transactions with advertising agencies.

UNEARNED REVENUE - Unearned revenue represents membership and program fees applicable to future periods, gift certificates, and unspent grants.

NOTE 1 - DESCRIPTION OF ASSOCIATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

ACCRUED VACATION AND SICK - Employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under limits and conditions specified in the personnel policies.

ESTIMATES - In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE MEASUREMENTS - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The Association accounts for certain financial assets and liabilities at fair value.

UPCOMING ACCOUNTING PRONOUNCEMENT - In February 2016, FASB issued a new accounting standard, Topic 842, intended to improve financial reporting of leasing transactions. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flow arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP which requires only capital leases to be recognized on the balance sheet, the new standards will require both types of leases to be recognized on the balance sheet. The standard also requires disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows from leases. The amendments in this standard are effective for the Association's financial statements for the year ending December 31, 2022. The Association has not yet implemented this ASU and is in the process of assessing the effect on the Association's financial statements.

SUBSEQUENT EVENTS - In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 7, 2021, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditures (that is, without donor or other restrictions limiting their use) within one year of the financial position date is composed of the following:

Cash and cash equivalents	$ 122,965
Accounts receivable	273,951
Unconditional promise to give	6,238
	403,154
Less: Foundation cash	(50,407)
	$ 352,747

NOTE 3 - CONCENTRATION OF CREDIT:

As of December 31, 2020, the Association had deposits with financial institutions with a bank balance of $174,789, which is fully covered by depository insurance.

NOTE 4 - CONTRIBUTIONS RECEIVABLE AND INTENTIONS TO GIVE:

At December 31, 2020, the Association had promises to give receivable of $6,238, all of which is expected to be collected in 2021.

In addition, the Association has $275,000 of "intentions to give." These intentions to give are based on bequests included in wills, and therefore, are not recorded on the financial statements because the donor has the right to modify or change the bequest.

NOTE 5 - ENDOWMENTS:

The Association has received donor-restricted (in perpetuity) donations for the purpose of supplementing general operations with the income generated. In connection, the Association transferred their endowment fund to The Community Foundation of St. Clair County (the "Community Foundation") in 2015 to establish an agency endowment fund plus accumulated investment earnings. Under the terms of the agreement with the Community Foundation, the Board of Directors of the Association may recommend or request distribution from the fund in amounts limited by the spending policies of the Community Foundation. The Community Foundation's current spending policy is to distribute 5% of the average fair value over the prior 16 quarters determined as of September of the year preceding distribution. At the time of the transfer of assets, the Association granted variance power to the Community Foundation. The Community Foundation expects to follow the recommendation but reserves the right to accept or reject the Association's recommendations. Variance power also gives the Community Foundation the right to distribute the spendable portion of the fund to another nonprofit of its choice if the Association ceases to exist and the Board of the Community Foundation determines that support of the Association is no longer necessary or is inconsistent with the mission or purpose of the funds or the needs of the community.

The changes in endowment net assets were as follows:

Balance at January 1, 2020	$ 330,629
Net appreciation of investments	32,864
Investment income	6,050
Investment fees	(6,151)
Distributions	(9,529)
Balance at December 31, 2020	$ 353,863

As of December 31, 2020, the original value of permanently restricted contributions was $299,751.

NOTE 6 - LAND, BUILDING, AND EQUIPMENT:

The following is a summary of capital assets for the year ended December 31, 2020:

Land	$ 430,000
Building and building improvements	3,302,387
Furniture and equipment	518,223
Vehicles	69,263
	4,319,873
Less: Accumulated depreciation	(943,749)
Total Land, Building, and Equipment, net	$ 3,376,124

Depreciation expense for 2020 totaled $140,633.

NOTE 7 - NOTES PAYABLE:

In November 2015, the Association received a $500,000 non-interest-bearing loan from the James C. Acheson Foundation. The loan is to be repaid in monthly installments of $2,762 including interest of 5.00% (effective interest rate), commencing May 1, 2017 through July 1, 2033. The James C. Acheson Foundation has allowed for the suspension of payments from November 2020 through December 2021.	$ 291,024
In November 2015, the Association received a non-interest-bearing, short-term loan in the amount of $125,000 to be repaid when the Association sold the Sault Ste. Marie property. The Association sold the property in 2016; however, the proceeds were not sufficient to repay the entire amount of the loan. The remaining balance is to be repaid as cashflow becomes available.	25,130
On July 25, 2017, the Association entered into an installment purchase agreement for the purchase of equipment for $44,900, payable in 60 monthly installments of $843 including interest of 4.79% through August 25, 2022.	16,174
On April 30, 2019, the Association received a non-interest bearing loan in the amount of $15,928 for the purchase of a new phone system. The loan is to be repaid in monthly installments of $265 through June 1, 2024. (This note was forgiven in May 2021 in the form of a grant.)	11,150
On August 22, 2019, the Association received a loan for the purchase of energy-efficient equipment for $842,138, payable in 40 semi-annual installments of $33,431 including interest of 4.85% through September 2, 2039. The loan balance is reported net of unamortized debt service costs of $34,529.	784,062
	$ 1,127,540

NOTE 7 - NOTES PAYABLE - (cont'd):

The principal maturities of the notes, excluding the note that will be repaid when cash is available, are as follows:

	November 2015 Note	2017 Installment Purchase	2019 Phone System	2019 Energy-efficient Equipment
2021	$ -	$ 9,549	$ 3,186	$ 24,898
2022	19,030	6,625	3,186	26,326
2023	20,004	-	3,186	27,837
2024	21,027	-	1,592	29,434
2025	22,103	-	-	31,123
2026-2030	128,680	-	-	184,539
2031-2035	80,180	-	-	243,912
2036-2039	-	-	-	250,522
	$ 291,024	$ 16,174	$ 11,150	$ 818,591

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN:

On April 13, 2020, the Association received loan proceeds of $418,000 from Eastern Michigan Bank (the "Bank"), pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020. The outstanding balance of the PPP Loan at December 31, 2020 was $418,000.

The PPP loan, which was in the form of a promissory note dated April 10, 2020, has a two-year term and bears interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for 10 months until the amount of repayment or forgiveness is determined under the PPP. Under the terms of the CARES Act, PPP loan participants can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The loan principal and accrued interest are forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintained its payroll levels during the selected 24-week PPP period. The Association accounted for the PPP loan as a financial liability in accordance with ASC Topic 470, and the PPP loan proceeds remain as a liability until the PPP loan is repaid or forgiven. Upon forgiveness, the Association will reduce the liability and recognize a gain on extinguishment. The Association anticipates full forgiveness of the loan.

NOTE 9 - OPERATING LEASES:

In April 2018, the Association entered into a non-cancelable lease agreement for the use of a parking lot. Monthly payments of $1,275 were due in 2020 with the agreement calling for 2% increases in the monthly rate each January through December 2022. Lease expense for the year ended December 31, 2020 was $15,300.

In August 2019, the Association entered into a non-cancelable lease agreement for the rental of two copiers. Monthly payments of $352 are due through July 2024. Lease expense for the year ended December 31, 2020 was $4,219.

NOTE 9 - OPERATING LEASES - (cont'd):

The minimum future lease payments under the operating leases are as follows:

	Parking Lot	Copiers	Total
2021	$ 15,606	$ 4,219	$ 19,825
2022	15,918	4,219	20,137
2023	-	4,219	4,219
2024	-	3,164	3,164
	$ 31,524	$ 15,821	$ 47,345

NOTE 10 - RELATED PARTIES TRANSACTIONS:

During 2020, the Association received $73,138 of contributions from board members and their families, as well as companies they own, the President/CEO, and other related parties. At December 31, 2020, the Association had $5,283 due from related parties. During 2020, the Association also incurred $116,925 of expenses related to insurance premiums paid to a company owned by a Board Member.

NOTE 11 - FAIR VALUE MEASUREMENTS:

In accordance with ASC 820, the Association uses fair value measurements to record adjustments to certain assets. The ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at the measurement date. These inputs reflect the reporting entity's own assumptions about assumptions that would be used by market participants.

NOTE 11 - FAIR VALUE MEASUREMENTS - (cont'd):

The following table presents the Association's fair value hierarchy for the assets measured at fair value as of December 31, 2020:

	Total	Level 1	Level 2	Level 3
Beneficial interest in assets held by others	$ 353,863	$ -	$ 353,863	$ -
Variable life insurance policy	188,160	-	188,160	-
	$ 542,023	$ -	$ 542,023	$ -

NOTE 12 - EMPLOYEE PENSION PLAN:

The Association provides retirement benefits for all eligible employees through pension plans administered by the National Association. In order to be eligible, an employee must have completed two years of service in which at least 1,000 hours have been worked and must be 21 or older. The employee contributes 3%, and the Association contributes 5% of the employee's gross salary. Both employer and employees' contributions become fully vested immediately.

For the year ended December 31, 2020, the employer contribution to the pension plan was $26,382.

NOTE 13 - ABILITY TO CONTINUE AS A GOING CONCERN:

With the global COVID-19 pandemic that started in early 2020, the Association has either been closed or under a number of operating restrictions. The State of Michigan Governor's orders during the first part of 2021 allowed for the Association to only operate at 25% capacity until late May and 50% capacity from May until the end of June, at which time the operations were allowed to return to full capacity. These restrictions and the continuing pandemic have resulted in a very significant loss of revenues for 2020 and the first half of 2021 and, although operations resumed 100% of its activities starting June 22, 2021, it is expected to continue to effect revenues for the foreseeable future as people slowly return to a new normal.

In connection, management has eliminated all but absolutely necessary expenses and has drastically reduced staffing level. Also, the Association has received two PPP loans for $418,000 each, is in the process of applying for the employee retention credit that should result in a payroll tax refund of $240,000 for 2020, and will be applying for the credit for 2021. The Association anticipates full forgiveness of the loans. Management plans to closely monitor activities and only add staffing and related expenses when expected revenues support the staffing and additional expenses.

With these additional revenue sources to subsidize operations until membership and activities gradually return to normal, management believes that cash flow will be sufficient to continue operations. This assumes that there is no additional restriction imposed on the Association as a result of the pandemic.

NOTE 14 - SUBSEQUENT EVENT:

The Association applied for and received an additional PPP loan in the amount of $418,000. The note, dated January 29, 2021, has a five-year term and bears interest of 1.00% per annum. Monthly principal and interest payments are deferred until January 29, 2022 until the amount of forgiveness is determined under the PPP. Under the terms of the CARES Act, PPP loan participants can apply for and be granted forgiveness for all or a portion of the loan.

SUPPLEMENTARY INFORMATION

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	YMCA	YMCA Foundation	Consolidating Adjustments	Total
Assets:				
Cash and cash equivalents	$ 72,558	$ 50,407	$ -	$ 122,965
Receivables (net of allowance) -				
Employee Retention Credit	240,653	-	-	240,653
Memberships	16,942	-	-	16,942
Due from Foundation	3,000	-	(3,000)	-
Due from YMCA	-	25,000	(25,000)	-
Other	16,356	-	-	16,356
Inventory	2,259	-	-	2,259
Prepaid expenses	25,635	-	-	25,635
Unconditional promises to give	6,238	-	-	6,238
Cash surrender value of life insurance	188,160	-	-	188,160
Beneficial interest in assets held by others	353,863	-	-	353,863
Land, buildings and equipment, net	3,376,124	-	-	3,376,124
Total Assets	$ 4,301,788	$ 75,407	$(28,000)	$ 4,349,195
Liabilities:				
Accounts payable	$ 53,803	$ -	$ -	$ 53,803
Accrued salaries and fringes	17,477	-	-	17,477
Unearned revenue	108,264	-	-	108,264
Accrued interest	13,232	-	-	13,232
Due to YMCA	-	3,000	(3,000)	-
Due to Foundation	25,000	-	(25,000)	-
PPP Loan	418,000	-	-	418,000
Notes payable	1,127,540	-	-	1,127,540
Accrued vacation and sick	45,989	-	-	45,989
Total Liabilities	1,809,305	3,000	(28,000)	1,784,305
Net Assets:				
With Donor Restrictions	353,863	-	-	353,863
Without Donor Restrictions	2,138,620	72,407	-	2,211,027
Total Net Assets	2,492,483	72,407	-	2,564,890
Total Liabilities and Net Assets	$ 4,301,788	$ 75,407	$(28,000)	$ 4,349,195

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

	YMCA	YMCA Foundation	Consolidating Adjustments	Total
Net Assets Without Donor Restrictions:				
Revenues and Gains and Other Support:				
Public Support -				
Contributions	$ 602,127	$ 50	$ -	$ 602,177
Revenue and Gains -				
Memberships and guest fees	650,013	-	-	650,013
Childcare fees	474,457	-	-	474,457
Other program service fees	73,740	-	-	73,740
	1,198,210	-	-	1,198,210
Grants and fees from local agencies -				
YMCA of the USA	12,980	-	-	12,980
State of Michigan	107,238	-	-	107,238
State Alliance of Michigan YMCAs	18,689	-	-	18,689
YMCA of Metro Detroit	55,290	-	-	55,290
Other	3,736	-	-	3,736
Merchandise sales	2,724	-	-	2,724
Rental income	9,152	-	-	9,152
Other	26,017	-	-	26,017
Investment income net of expenses	44,848	75	-	44,923
	1,478,884	75	-	1,478,959
Total Revenues and Other Support	2,081,011	125	-	2,081,136
Expenses:				
Program services -				
Youth Development	801,688	-	-	801,688
Healthy Living	930,579	-	-	930,579
Social Responsibility	10,111	-	-	10,111
Supporting services -				
Management and general	451,981	-	-	451,981
Fundraising	58,844	-	-	58,844
Total Expenses	2,253,203	-	-	2,253,203
Change in Net Assets Without Donor Restrictions	(172,192)	125	-	(172,067)
Net Assets With Donor Restrictions:				
Change in value of beneficial interest in assets held by others	23,234	-	-	23,234
Change in Net Assets	(148,958)	125	-	(148,833)
Net Assets at beginning of year	2,641,441	72,282	-	2,713,723
Net Assets at end of year	$ 2,492,483	$ 72,407	$ -	$ 2,564,890

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE BLUE WATER AREA

TRANSPORTATION OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Operations	Maintenance	General Admin.	Total System
Labor -				
Operator's salaries and wages	$ 444	$ -	$ 896	$ 1,340
Other salaries and wages	144	-	-	144
Fringe benefits	49	-	159	208
Materials and Supplies Consumed -				
Fuel and lubricants	62	-	-	62
Other materials and supplies	-	110	-	110
Casualty and Liability Costs -				
Premiums for Public Liability	2,026	-	-	2,026
Total Operating Expenses	$ 2,725	$ 110	$ 1,055	$ 3,890

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE BLUE WATER AREA

MILEAGE DATA (UNAUDITED) FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Total Mileage
Demand-Response	
1st Quarter	370
2nd Quarter	255
3rd Quarter	-
4th Quarter	-
Total Demand-Response Mileage	625